

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## Malaysia

**Post:** Kuala Lumpur

### Palm Oil PSD Update

**Report Categories:**

Oilseeds and Products

**Approved By:**

Chris P. Rittgers

**Prepared By:**

Abdul Ghani Wahab

**Report Highlights:**

The 2013/14 production forecast is increased to 19.4 million tons due to a larger than anticipated March production, and expectations for average production for the remaining six months of the marketing year. With lower exportable supplies from Indonesia, the pace of imports has significantly declined. With imports trending downward, but exports firm, expected ending stock levels are reduced.

**General Information:****Palm Oil Production, Supply, and Demand Table:**

Oil, Palm Malaysia	2012/2013		2013/2014		2014/2015	
	Market Year Begin: Oct 2012		Market Year Begin: Oct 2013		Market Year Begin: Oct 2014	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	0	0	0	5,229		5,400
Area Harvested	4,353	4,353	4,526	4,526		4,800
Trees	0	0	0	0		0
Beginning Stocks	2,481	2,481	1,784	1,784		1,304
Production	19,321	19,321	19,200	19,400		20,000
MY Imports	957	957	800	220		250
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	22,759	22,759	21,784	21,404		21,554
MY Exports	18,000	18,000	17,300	17,500		17,650
MY Exp. to EU	2,000	2,000	2,000	2,000		2,000
Industrial Dom. Cons.	2,305	2,305	2,114	1,930		1,910
Food Use Dom. Cons.	630	630	630	630		700
Feed Waste Dom. Cons.	40	40	40	40		40
Total Dom. Cons.	2,975	2,975	2,784	2,600		2,650
Ending Stocks	1,784	1,784	1,700	1,304		1,254
Total Distribution	22,759	22,759	21,784	21,404		21,554
1000 HA, 1000 TREES, 1000 MT						

Oil palm production rebounded in March to 1.49 million tons following several consecutive months of declining production. Since October 2013, production had steadily fallen, from 1.97 million tons recorded in October 2013, to 1.27 million tons in February 2014. Some analysts attribute the higher production level in March to accelerated fruit ripening prompted by improved rainfalls in early March as well as the normal seasonal recovery in production.

The difference between Indonesia's export taxes on CPO vis-à-vis refined products is equal to Malaysia's CPO tax; therefore, the incentive to import CPO from Malaysia is significantly reduced. In addition, Indonesia has lower exportable supplies. As a result, Malaysia's imports have declined substantially, and the import forecast has been adjusted accordingly.

Expectations for lower imports leads to a reduction in the ending stocks forecast.

END OF REPORT.